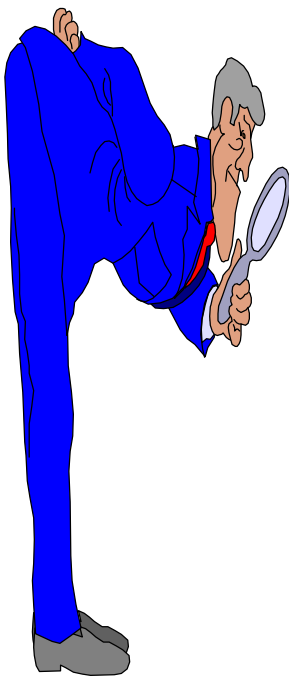


Key Ideas

Chapter 2: Organizational Responsibilities in Local Government Budgeting



In this section, we will discuss the following:

- *The two-stage review process of the local government budget.*
- *Who makes the final determinations of budgets, rates, and levies?*
- *A diagram of the local budget process.*
- *A diagram of the local budget appeal process.*

ORGANIZATIONAL RESPONSIBILITIES IN LOCAL GOVERNMENT BUDGETING

There is probably no aspect of local government budgeting which is so important, yet so diverse, as the matter of responsibility for preparing the annual budget. These differences, moreover, are not entirely dependent upon the size or assessed valuation within a particular County, nor the kinds of problems facing it.

The principal explanation for different organizational responsibilities is found in the fact that the budget is not only a financial plan for the county, but also a political statement of goals for the community. This is the “roadmap” mentioned earlier, and it is a reflection of the political philosophy of the community.

In general, the County Auditor is responsible for developing the local budget insofar as the elected executive determines what is the function of the County and how will officials attempt to accomplish goals in the coming year. Often this is accomplished initially by individual personnel within the County, at the direction of the elected county executives.

The County Auditor is typically responsible for preparing the formal budget documents, performing both administrative and financial duties. This involves not only the mathematics of collecting and verifying expense estimates, but also the analysis and forecasting of local revenues and intergovernmental transfers, and the actual preparation of budget documents.

Finally, in every instance, the County Council is charged with formally adopting the annual budget. More to the point, the local legislative body levies property taxes and appropriates public monies from the property tax and other funding sources, thereby legislating the local government’s “work program” for the coming year.

Once the local government budget is approved by the County Council, it is subject to a two-stage review process: first by the local County Tax Adjustment Board through the advertisement of proposed tax rates for all taxing districts, and secondly by the Hearing Officers for the State Board Of Tax Commissioners. Final determinations of budgets, rates, and levies are made by the State Board of Tax Commissioners.



***Once the County Council approves the local government budget, it is subject to a two-stage review process:
(1) the local County Tax Adjustment Board, and
(2) the Hearing Officers for the State Board of Tax Commissioners.***



The State Board of Tax Commissioners makes final determinations of budgets, rates, and levies.

While the complete review and appeal process will be discussed in a later section, it should be noted here that ten or more taxpayers may appeal to the County Tax Adjustment Board if they feel that the local budget's tax levies or appropriations are too high. And they may renew these appeals (or make new ones) to the State Board of Tax Commissioners after the County Tax Adjustment Board has made its decisions. In addition, the county itself may appeal to the state from any adverse determinations by the County Tax Adjustment Board.

It should be noted that not all counties opt to appoint a County Tax Adjustment Board. In those counties that do not use a County Tax Adjustment Board, the County Auditor assumes the role of the County Tax Adjustment Board and properly gathers and publishes the tax rates of the various taxing districts in the county.

Two other general considerations should be noted with regard to budgetary appeals. No taxpayer is authorized to appeal budget decisions on the grounds that tax levies or appropriations are too low, except in cases where the budgeted amounts fall below statutorily established minimums. Decisions of the State Board of Tax Commissioners are final, permitting no further appeals except, possibly, through the courts.

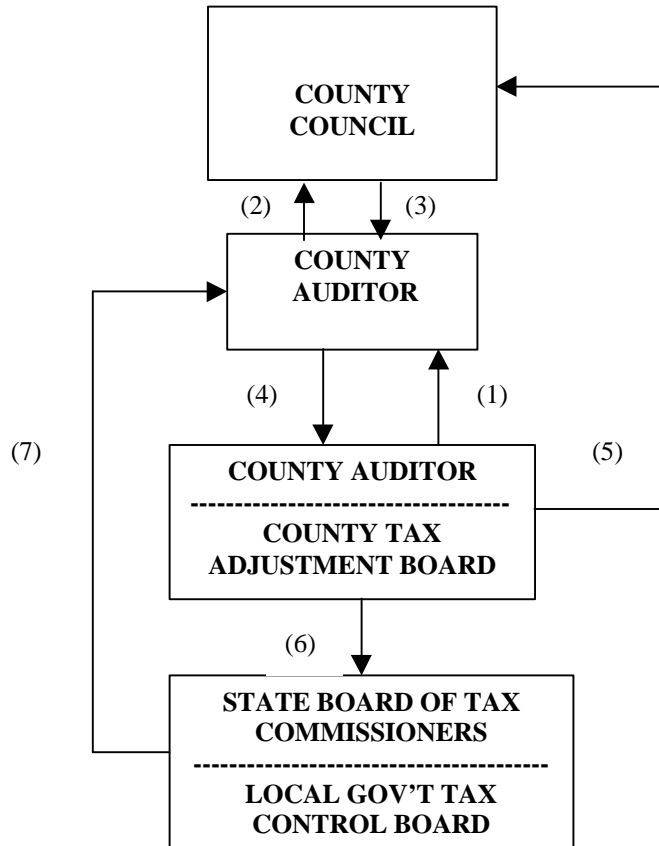
Notwithstanding these commonalities in the budget process, it is a fact that in many jurisdictions the responsibilities for preparing and adopting the local budget are performed differently in practice.

Precisely because the budget process is in part a political process, it is impossible to say that there is a single uniform way of preparing the budget. The process differs according to the political, managerial, and personal dynamics of the elected and appointed public officials involved in preparing, adopting and approving the budget. In addition, there are few statutory assignments of responsibility for local government budgeting, other than those general ones set out above.

It should be noted, though, that the illustration only indicates those budgeting steps that are required by statute. Most counties, however, find that merely adhering to these few requirements is both inadequate and unsatisfactory. Other procedures are usually necessary, and these are largely dictated by the local government situation.

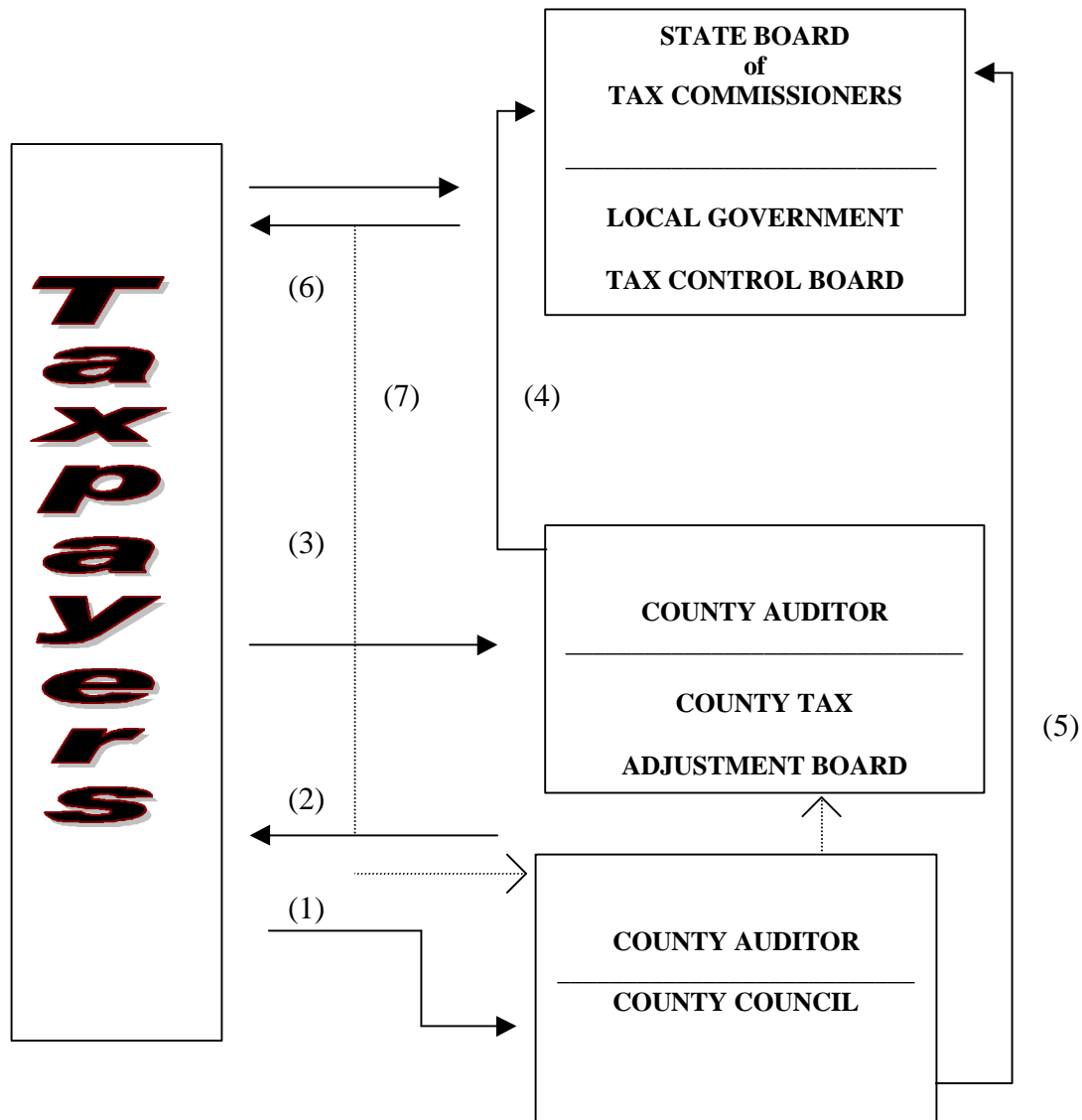
The second flowchart represents the appeal process for County government and for taxpayers, after the budget has been approved at the local level.

Figure 1. Local Budget Process



- (1) Budget Estimate Worksheets sent to County offices-June-July
County Auditor sends tax distribution/assessed values-August 1.
- (2) Budget Estimates/Worksheets to County-August.
- (3) Adopted Budget returned to County Auditor-August.
- (4) Budget forwarded to County Tax Adjustment Board-September.
- (5) Results of County Tax Adjustment Board prepared by County Auditor-October.
- (6) County Tax Adjustment Board results sent to State Board of Tax Commissioners-October.
- (7) State Board of Tax Commissioners returns approved budget, tax rates, tax levies and appropriations to County after any possible appeals from actions of County Tax Adjustment Board- on or before February 15.

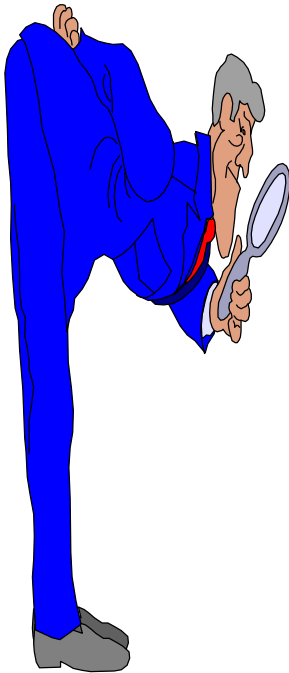
Figure 2. Budget Appeals Process



- (1) Taxpayers appeal budget, rate or levy after Council's public hearing.
- (2) County Council adopts finding at Adoption hearing addressing taxpayer concerns.
- (3) Taxpayers appeal Tax Adjustment Board's publication of County tax rates.
- (4) Auditor forwards objecting petition to State Board of Tax Commissioners.
- (5) County Officials have local budget hearing with State Board of Tax Commissioners.
- (6) State Board of Tax Commissioners address taxpayer concerns at local budget hearing.
- (7) State Board of Tax Commissioners certifies fund budgets, rates and levies for County.

Summary

Chapter 2: Organizational Responsibilities in Local Government Budgeting



In this section, we have discussed the following:

- *Once the County Council approves the local government budget, it is subject to a two-stage review process: (1) the local County Tax Adjustment Board, and (2) the Hearing Officers for the State Board of Tax Commissioners.*
- *The State Board of Tax Commissioners makes final determinations of budgets, rates, and levies.*